Department of Agriculture
e of the Secretary

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It is a pleasure to return to Latin America and have the opportunity to see old friends and to begin to develop new friendships and associations. I know that U.S. Secretary of Agriculture Bob Bergland, who encouraged me to make this trip, realizes that for me this is a prime assignment.

I come to Latin America to share with you my thoughts -- and to hear yours -- on rural electrification, and the broader issue of rural development.

I was Vice President of the University of New Mexico before being asked to take my current position in the administration of President Jimmy Carter. The University of New Mexico, as many of you know, operated a study center here in Quito and has a growing interest and commitment to cooperating with many of your nations in educational training which, like electrification, is a major element of rural progress.

My experiences and interests are rural in nature. Even at the University of New Mexico, the direction of my programs was toward the less developed and populated areas of New Mexico.

My association and interest in rural electrification cooperatives has spanned my entire lifetime, beginning in the small northern New Mexico village where I grew up.

At the United States Department of Agriculture I have responsibility not only for the Rural Electrification Administration but also for the Farmers Home Administration and the Rural Development Service.

Remarks of Alex Mercure, Assistant Secretary of Agriculture for Rural Development and Conservation, before the Latin American Conference on Rural Electrification, Quito, Ecuador, September 27, 1977.

It has been stated many times -- but it bears repeating: the rural electrification program in my country is truly one of its greatest success stories, and rural people -- working hand in hand with REA -- are responsible for its success.

In 1935 the Federal Government decided to finance energy projects to provide jobs for the unemployed. Only one farm in ten had electric service, which was in sharp contrast to conditions in other nations. In Japan and Germany, 90 percent of the farms were electrified; between 90 and 95 percent of the French farm families had electric lights; and close to 100 percent of rural Netherlands was receiving service.

Rural Americans in the United States were familiar with the advantages of central station electric service in the towns and cities they visited. And in a country caught in a great economic depression, there were many engineers, lawyers, educators and accountants willing to join the cause for rural electrification. The time was right for it.

Although obvious differences existed, rural areas of the United States in 1935 possessed many of the characteristics of present developing nations: generally low income, problems of farm production, surplus workers, and community services generally inferior to those found in cities and towns. In many sections of the United States, agriculture was at a subsistence level.

It was the vision and the will of rural people, however, that made the rural electrification program in the United States a reality. Rural people had to sell the cooperative idea, organize meetings, collect the initial fees, sign up potential members, and work with REA for specifics of the program.

Many traveled untold miles, spoke at countless meetings, argued, pleaded and cajoled to instill in others the dream of electric power. They contributed selflessly of their time and effort, many at considerable personal sacrifice, for they were not paid for their work.

Probably the most difficult task, however, was to convince the "experts" of the day that rural people would use enough of the electric power to repay the investment in lines and facilities.

Technological innovation was necessary since electric systems of the time were primarily oriented toward the more congested urban areas. Techniques were developed by REA in cooperation with the electric manufacturing industry which helped lower the cost of rural construction; arrangements were made to standardize component parts and tailor the production of equipment to rural requirements.

These efforts were quick to bear fruit. By mid-1947 -- just 11 years after REA came into being -- more than half the United States farms had central station electric service. In 10 more years, more than 95 percent of all farms had been reached.

Altogether, REA has made loans and loan guarantees to nearly 1,100 electric systems amounting to $11.6 billion. The loans will permit borrowers to extend electric service to more than 24 million rural people over 1.9 million miles of line in 46 states.

The economic impact of the REA program, however, extends far beyond the loan funds actually invested in electric service facilities.

Everyone involved gains from the tremendous increase in the use of electric power. For farmers it means greater production and improved quality of their products for market. For the family it means greater health and safety, new comforts and free time for other activities.

Each time a rural electric system connects a new user or provides additional services for an existing user, community development is stimulated.

In addition to improving and expanding electric and telephone service, REA borrowers also participate in local development projects. As grass roots organizations, electric and telephone systems, working with other groups and agencies, frequently take the lead in getting community support and mobilizing other local leaders for needed development activities.

Since mid-1961, surveys have indicated that more than 10,000 commercial, industrial and community facilities projects have been assisted by REA borrowers. These projects have succeeded in creating 340,000 jobs directly, and about 220,000 jobs in related industries.

It is more than coincidental that American agriculture has been experiencing a period of unprecedented productivity since REA was created.

In 1862, when the Department of Agriculture was established, one farmer produced enough food for five people. By 1910, only seven persons were supplied products by one farmworker. Today a farmer feeds himself and 56 others.

Where one farmer could work only a few acres of land, the average farmer now works 440 acres. Output per man-hour on the farm has increased more than three times as fast as output per hour for non-farm activity.

Without an adequate source of electric power, modern farming would not be possible. Electricity permits the substitution of electric motors for human hands in many farm chores. Farmers use electricity to pump water,

produce broilers and eggs, save more pigs per litter, control the environment in livestock buildings and perform many other tasks. Today, entire farming enterprises are completely electrified.

As rural areas of the United States changed and grew, REA worked with its borrowers to help them adapt to change and to meet the increased demand for power.

Today, the maturity that comes with more than 40 years' experience is manifesting itself. Many rural electric systems have "grown up" in every sense of the word, and are taking their rightful places in the electric utility industry.

For example, rural electric systems were among the first to interpret the storm signals that a serious energy shortage was looming. They are now in the forefront of consumer-oriented programs and policies that emphasize conservation and the efficient use of energy. They are also taking the lead in exploring new ways to generate and transmit power safely and cleanly.

A noteworthy example is the new home weatherization program launched by REA, the Farmers Home Administration and the National Rural Electric Cooperative Association. Loans are made by FmHA to enable low to middle income families to insulate their homes and thereby save energy as well as part of their heating and cooling costs. Rural electric cooperatives arrange for contractors, oversee the installation of materials, and collect funds from the residents to repay the FmHA loan.

This combination of effort of two government agencies with rural organizations not only will help conserve energy but also sets an example for the entire Nation.

The success of the rural electrification program in the United States has stimulated interest in helping other nations utilize electric energy for economic and social improvement.

As early as 1941, the United States Government began training individuals from Latin American countries in methods and techniques of the REA program. Such training has continued, and hundreds of engineers and technicians from developing nations have visited the United States for instruction.

Since 1962, this program has been broadened to provide technical, material and financial assistance to developing countries for the electrification of rural areas.

The program is administered by the Agency for International Development (AID) and carried out by the National Rural Electric Cooperative Association (NRECA). Assistance ranges from preliminary planning, to determine where to establish cooperative electric systems, to construction, management and operation of specific cooperatives. The REA staff cooperates with AID and NRECA, making personnel available for counseling visitors and for NRECA assignments overseas.

To date, more than 145 specialists representing 80 rural electric systems have participated in projects located in 34 countries. Half of these countries are located in South and Central America.

At latest count, the NRECA-AID program has provided assistance in organizing 33 cooperatives in Latin America. These projects have required more than $50 million in loans from AID, and when complete, will bring modern electric service to more than a quarter of a million farms and other rural residences.

Since the program began, nearly 300 participants representing 32 countries have taken part in formal courses conducted in the United States. In addition, in-country training has been provided to large groups in Chile, Brazil, Colombia, and Costa Rica by management consultants from REA and NRECA.

There is much to be done. Though nearly a million people have received service from these projects, less than one percent of the farmers in Latin America have access to central station electric service. Yet the seed has been planted. And although conditions prevalent in rural Latin America in many ways differ from those found in rural United States of 40 years ago, there are many similarities.

We look to the future with the same kind of enthusiasm that has brought us this far. We cannot exist on what was accomplished yesterday. We must look for what we can do tomorrow.

We must position ourselves to respond to the priorities you establish for your respective countries. We have much to offer, including the example of what happens when a nation does not use its energy resources prudently. But the definition of what is appropriate and possible in your countries must come from you and your citizens.

I offer my best wishes for success and a continuing productive relationship. Thank you very much for your interest, courtesy and hospitality.

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